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STATISTICAL BULLETIN

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Highlights

- LABOR MARKET CONTINUES TO COOL
- SLOWER GROWTH IN SPENDING POWER IS EASING CONSUMER DEMAND
- THE PACE OF NEW ORDERS IS CONTRACTING
- INDUSTRIAL OUTPUT GROWTH IS TURNING SLUGGISH AND CAPACITY UTILIZATION RATES HAVE STABILIZED.
- ON THE INFLATION WATCH: PRICE INCREASES ARE SLOWING AND WILL NOT QUICKEN IN THE SECOND HALF OF 1989
- OUTLOOK • U.S. ECONOMIC GROWTH WILL BE SLUGGISH IN THE THIRD QUARTER AND MAY COME TO HALT LATE THIS YEAR OR EARLY NEXT YEAR.

Volume 22, No. 7, July, 1989

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: The U.S. economic expansion is slowing. Signs of this development appear across the board, including sluggish consumer spending, labor market activity, home building, industrial production, and inventory accumulation. In contrast, signs of strength are limited to rising exports and investment intentions. Even the topic of concern has changed—from recession to inflation. The economy at mid-year has departed sharply from the robust expansion that prevailed as 1989 got underway. And the consensus of the **Economic Forecasts** is that by year-end 1989, the curtain may well have fallen on this long expansion.

Any number of developments could pop up between now and new year's eve. Four specifics, however, warrant surveillance. Two deal with threats to remaining strong points of the economy. The rise in exports, tied as it is to conditions abroad, could soften. There is already some anecdotal evidence to that effect. Second, investment intentions could be deferred if conditions deteriorate. That does not loom as highly probable, but bears watching. Third is the ever-present chance for a buildup in inventory. Finally, the economic outlook for the second half of 1989 will be positively influenced by speed and extent of further declines in interest rates.

DOMESTIC MARKET MONITOR

The long-anticipated slowing in labor market activity has arrived, but pockets of strength are still evident. Total employment was only 0.3% higher in June than three months earlier. Total hours worked was only 0.2% higher, as a result of a cut in the length of the workweek. And The Conference Board's Help-wanted Index, a measure of labor demand, is now falling, based on early returns to the June survey.

Moreover, the softening is occurring in precisely the sectors, durable manufacturing and construction for example, one would expect if the overall economic environment were to weaken. But service jobs continue to rise—sharply in the case of business, health, and other services. In all, the **Economic Forecasts** continue to predict a rise in the unemployment rate to just under 6% by this time next year. That suggests continued cooling off—albeit quite gradual.

INCOME: The rise in wages has also slowed, but from a quite robust pace. Wages in commodity-producing industry were 1.1% higher in May than three months earlier. Wages in the "other industry" category were 2% higher. By themselves, those increases look fairly strong. But they pale somewhat when compared to gains more than three months ago. And with job growth slowing, and no real change in average hourly rates, wage growth is unlikely to rebound.

Nonwage income growth also fell but for different reasons. Interest rates are now falling and so is interest income. Rental income continued its year-long slide. But dividend payout remains strong, at least for now.

Consumer credit demand was still rising somewhat sharply through May, but no doubt has moderated since then. Car loans were already sluggish, so the rise in borrowing through May was related to revolving credit. But with sales of other consumer big ticket items turning soft, that form of borrowing has likely dropped off.

Job growth and pay raises may have softened, but consumer confidence has not. The Conference Board's **Consumer Confidence Index** was at the same level in June as in March. The **Expectations Component**, which measures appraisal of job and pay prospects over the next six months, actually rose. The appraisal of inflation has not changed. Consumers still expect inflation not to exceed 5% over the next 12 months, but more of them expect interest rates to fall in the next 12 months. Nevertheless, sluggish pay and job growth will put a damper on buoyant consumer spirits.

SPENDING: Buying patterns tell a different story from survey responses. Retail sales of durables, except cars, were only 0.4% lower in June than in May, principally reflecting declines in sales of building material and hardware. In contrast, sales of nondurable goods were 0.2% higher. This may suggest that consumers are already responding to some household budget tightening. Slower job growth in June suggest that more budget adjusting is likely over the next few months.

Car buying, of course, has been sluggish for some time. In June, new domestic **Automobile Sales** dropped to a seasonally adjusted 6.9 million annual rate, down from 7.4 million in May. Sales revived somewhat in early July.

CONSTRUCTION: Home buying is still falling, while home prices continue to rise, contributing to a buildup in the stock of unsold homes—despite declining new construction activity. The recent sharp slide in rental income shows that the market for apartments is not in much better shape. The only bright spot is that mortgage rates were inching lower in June. This development is unlikely to stir building activity, or buying, this summer.

Capital investment was relatively flat in the first quarter of 1989, according to The Conference Board's survey of **Capital Appropriations and Expenditures by** the nation's largest manufacturers, but investment plans remained very strong. The latest data on construction activity suggest that in the second quarter, spending on plant and equipment

Ken Goldstein, Editor

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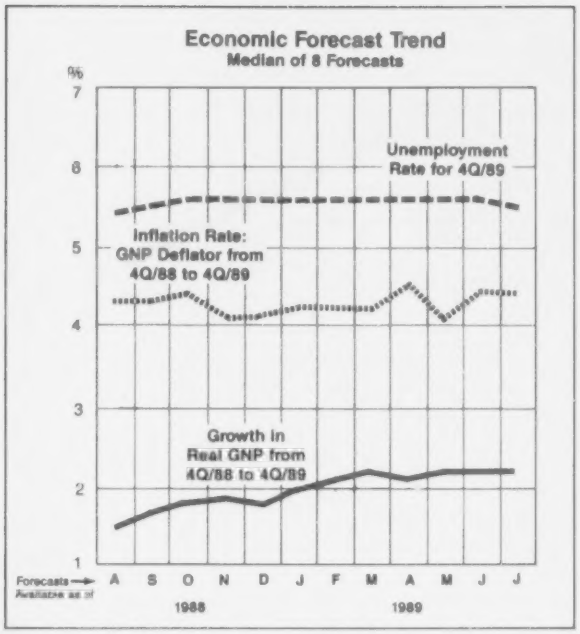


may have remained relatively weak. However, the numbers on appropriations (approval of new spending plans) suggest that such spending will strengthen later this year. That outlook is consistent with the views expressed by survey respondents with respect to their capital budget proposals for this year.

PRODUCTION: Export growth remains the most positive influence on industrial conditions. Softening demand for consumer durables and reduced government spending on hardware are the negatives. The output of consumer durables was 0.6% lower in May than three months earlier, while the production of defense- and space-related materiel was 0.7% lower. Those declines offset a 1.2% rise in output of business equipment, resulting in a 0.6% rise in total industrial output. And with declines in durable-manufacturing employment in June, and a decline in the average workweek, total output probably dipped that month.

Industrial output growth is unlikely to snap back after June. New orders for durable goods, except for defense-related materiel, were no higher in May than three months earlier. Nevertheless, the ratio of unfilled orders to shipments, was 2% higher. That suggests producers have lowered the pace of filling orders, cut the length of the workweek, stopped hiring new workers, and even laid a few off. In other words, industry is scaling the workflow back to the pace of the ordering flow.

INVENTORY: Despite efforts to scale down production schedules, inventory has begun to rise faster than industrial sales. Total inventory, except cars at the retail level, was 1.1% higher in April than three months earlier, while sales were 0.9% higher. At the moment, only sales to customers abroad are still rising sharply.

INFLATION: The threat of acceleration has passed—for now. The average hourly pay rate was basically unchanged in June. Prices paid to farmers and for industrial raw materials fell in June, for the second straight month; wholesale prices for crude materials fell for the third straight month. The consensus of the **Economic Forecasts** is that the CPI will stay at about a 5% annual rate in the second half of this year and will not accelerate next year.

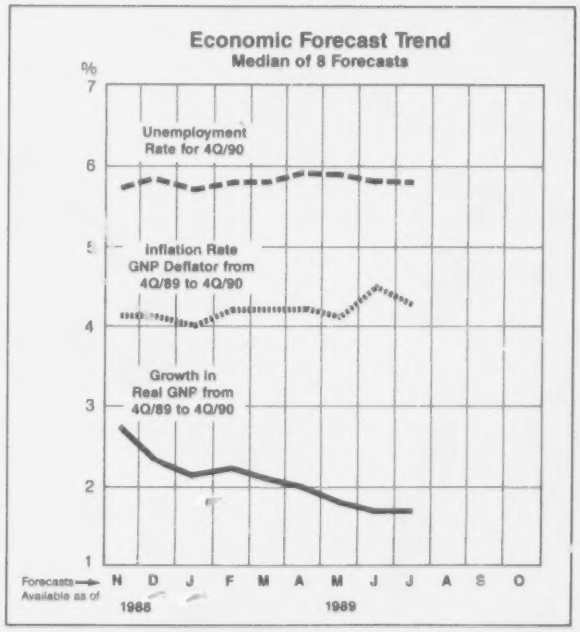
INTERNATIONAL MONITOR

Slower growth in consumer spending has affected foreign producers more than domestic suppliers. Specifically, imports of consumer goods except cars, were 0.3% lower in April than two months earlier. Imports of capital goods dropped 4.5 percent. Down the road, the rise in the dollar will make imports more price attractive. But for the moment, the trade balance is narrowing.

In contrast, exports of consumer goods, except cars, were 13% higher in April than three months earlier. Strong economic growth in some of the U.S.'s major trading partners (see the **Selected International Comparisons**) remains the most important factor in this trade improvement.

Slower domestic economic growth and declining interest rates helped stem the rapid rise in the dollar. In fact, the combination of somewhat lower interest rates and little upward movement in the dollar's exchange value translated to little change in the **Domestic-International Discomfort Index** (DIDI) in June, following the rapid improvement in May. Indeed, in no small part, the earlier strong rise in the dollar helped set the stage for declining interest rates. Will the dollar remain strong if U.S. economic growth grinds to a halt later this year? Stay tuned.

Ken Goldstein
July 14, 1989

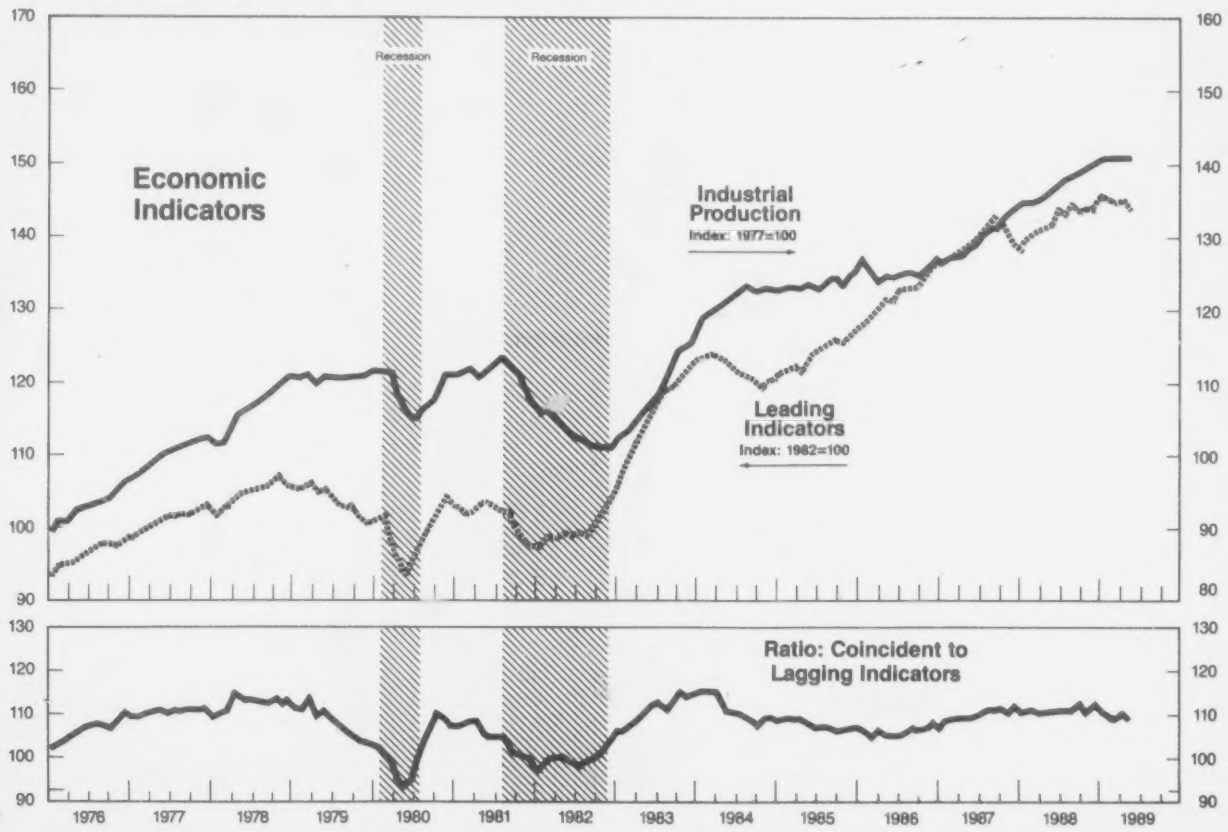


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	May			X	– 1.2%	1.6%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	May		X		2.8%	11.2%
New orders, nondefense capital goods (deflated)	Apr.	X			0.6%	13.0%
New business formation	Apr.			X	– 0.2%	2.9%
*Housing permits	May		X		– 4.0%	– 6.2%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	May		X		– 1.2%	0.2%
*Change in unfilled orders, mfg.	May			X	–15.7%	128.3%
Purchasing manager's buying policy	Apr.	X			8.5%	10.9%
*Vendor performance, reported slower deliveries	May			X	– 7.5%	–12.9%
Industrial raw materials prices	May		X		0.7%	9.9%
*Change in sensitive material prices	May			X	– 30.7%	2.0%
Sensitive Financial Flows						
*Money balance (M2 deflated)	May			X	– 1.6%	– 2.7%
Change in business loans	Apr.			X	– 41.9%	–46.0%
*Consumer expectations	May			X	– 9.8%	– 8.2%
Change in consumer installment debt	Apr.			X	–87.9%	–20.0%
Profitability						
Total corporate profits, after tax (deflated)	1st.Q			X	– 3.1%	11.1%
*Common stock prices	May	X			6.8%	22.6%
Aprginal Employment Adjustments						
*Average workweek, mfg.	May		X		– 0.1hr	– 0.1hr
*Initial unemployment claims (inverted)	May			X	– 3.0%	– 2.3%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1988 May	1989 Feb.	Mar.	Apr.	May(e)
Principal Diffusion Index	58.3r	55.5	54.3	54.8r	53.8
Auxillary Diffusion Index	47.0r	36.0	46.1	51.5r	46.9
Industrial Group	58.2r	51.8	525	56.3r	54.2
Nonindustrial Group	58.5r	59.2	56.2	53.2r	53.5
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	62.0	62.8	63.2	68.8r	69.2
Labor	54.1r	49.0	47.1	48.6	44.2
Miscellaneous	62.8r	42.3	50.0	57.1	56.4
Nonindustrial Subgroups					
Prices	53.2	60.9	60.3	59.6	59.0
Consumer	65.8r	62.0	57.3	58.1	63.7
Building	52.6r	57.7	56.4	47.4	46.8
Miscellaneous	58.5	56.4	52.1	47.9r	44.0

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

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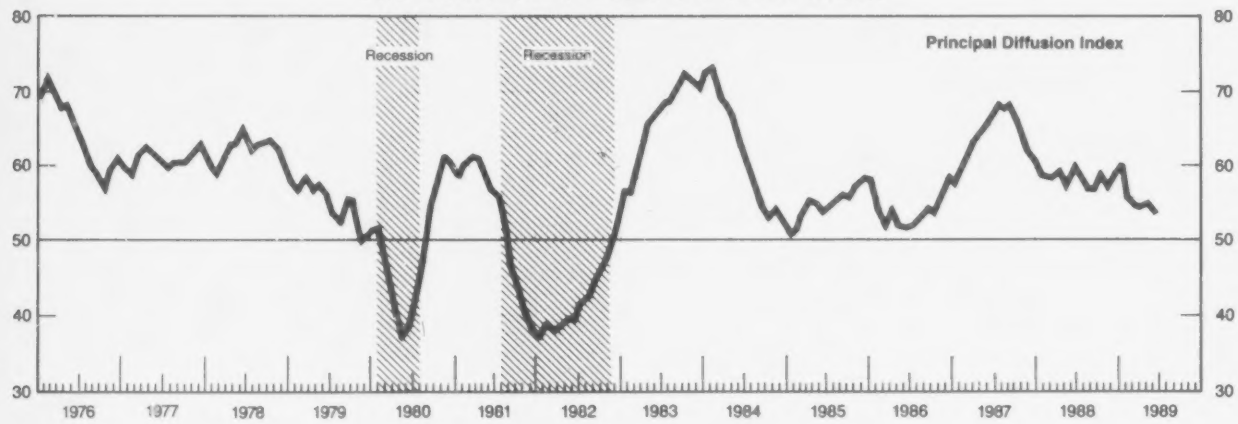
The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1986		*1987*				*1988*				*1989*	
	Aug.	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*
	Score (scale 0-100)											
Measure of Business Confidence	50	51	55	55	59	47	51	58	56	51	48	48
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	44	50	56	55	62	50	49	64	65	54	52	48
2. Expectations for Economy, Six Months Ahead	52	51	54	53	56	43	50	54	51	48	43	47
3. Expectations for Own Industry, Six Months Ahead	54	53	56	56	58	48	54	55	53	51	48	50

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Capital Markets		E.I. duPont[2] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*June, 1989*		*June, 1989*		*June, 1989*		*June, 1989*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1989**	**I**	**$5099.0**	**8.2%**	**$5099.0**	**8.2%**			**$5099.0**	**8.2%**
Forecast	1989	II	$5198.1	8.0	5195.0	7.7	$5204.8	7.1%	5173.0	5.9
		III	5225.1	2.1	5261.3	5.2	5281.6	6.0	5250.5	6.1
		IV	5255.0	2.3	5320.6	4.6	5344.2	4.8	5327.8	6.0
	1990	I	5296.6	3.2	5399.7	6.1	5403.1	4.5	5407.3	6.1
		II	5378.6	6.3	5494.6	7.2	5463.5	4.5	5462.5	4.1
		III	5472.2	7.1	5589.8	7.1	5527.8	4.8	5521.4	4.4
		IV	5563.7	6.9	5693.5	7.6	5611.2	6.2	5621.8	7.5
	1991	I	5673.6	8.1			5703.5	6.7		
		II	5783.0	7.9			5813.0	7.9		
	1989	Annual	5194.3	6.8	5219.0	7.3	5236.9	7.7	5212.6	7.2
	1990	Annual	5427.8	4.5	5544.4	6.2	5501.4	5.1	5503.3	5.8
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1989**	**I**	**$4077.5**	**4.4%**	**$4077.5**	**4.4%**			**$4077.5**	**4.4%**
Forecast	1989	II	4093.0	1.5	4102.2	2.4	$4108.0	2.0%	4086.1	0.8
		III	4069.1	-2.3	4099.3	-0.3	4123.0	1.5	4108.4	2.2
		IV	4056.1	-1.3	4093.6	-0.6	4130.0	0.7	4123.7	1.5
	1990	I	4038.9	-1.7	4107.3	1.3	4134.0	0.4	4130.9	0.7
		II	4062.1	2.3	4132.0	2.4	4139.0	0.5	4122.6	-0.8
		III	4093.8	3.2	4160.3	2.8	4150.0	1.1	4117.4	-0.5
		IV	4124.7	3.1	4190.4	2.9	4175.0	2.4	4145.9	2.8
	1991	I	4164.1	3.9			4203.0	2.7		
		II	4205.0	4.0			4240.0	3.6		
	1989	Annual	4073.9	1.9	4093.2	2.4	4112.3	2.9	4098.9	2.6
	1990	Annual	4079.9	0.1	4147.5	1.3	4149.5	0.9	4129.2	0.7
Gross National Product deflator Index, 1982 = 100										
Actual	**1989**	**I**	**125.1**	**3.6%**	**125.1**	**3.6%**			**125.1**	**3.6%**
Forecast	1989	II	127.0	6.4	126.6	5.2	126.7	5.0%	126.6	5.0
		III	128.4	4.5	128.3	5.5	128.1	4.5	127.8	3.8
		IV	129.6	3.6	130.0	5.2	129.4	4.1	129.2	4.5
	1990	I	131.1	5.0	131.5	4.7	130.7	4.1	130.9	5.4
		II	132.4	3.9	133.0	4.7	132.0	4.0	132.5	5.0
		III	133.7	3.9	134.4	4.2	133.2	3.7	134.1	4.9
		IV	134.9	3.7	135.9	4.6	134.4	3.7	135.6	4.5
	1991	I	136.3	4.1			135.7	3.9		
		II	137.5	3.8			137.1	4.2		
	1989	Annual	127.5	4.7	127.5	4.7	127.3	4.6	127.2	4.5
	1990	Annual	133.0	4.3	133.7	4.9	132.6	4.1	133.3	4.8
Unemployment Rate										
Actual	**1989**	**I**		**5.2%**		**5.2%**		**5.2%**		**5.1%**
Forecast	1989	II		5.2		5.3		5.1		5.3
		III		5.4		5.4		5.2		5.2
		IV		5.7		5.9		5.3		5.1
	1990	I		6.1		6.1		5.6		5.0
		II		6.3		6.0		5.8		5.3
		III		6.4		5.9		6.0		5.7
		IV		6.5		5.8		6.0		5.9
	1991	I		6.4				5.8		
		II		6.2				5.8		
	1989	Annual		5.4		5.5		5.2		5.2
	1990	Annual		6.3		6.0		5.9		5.5

[1]Based on (second revision) quarter data.
[2]Based on revised first quarter data.
[3]Based on preliminary first quarter data.

ECONOMIC FORECASTS (continued)

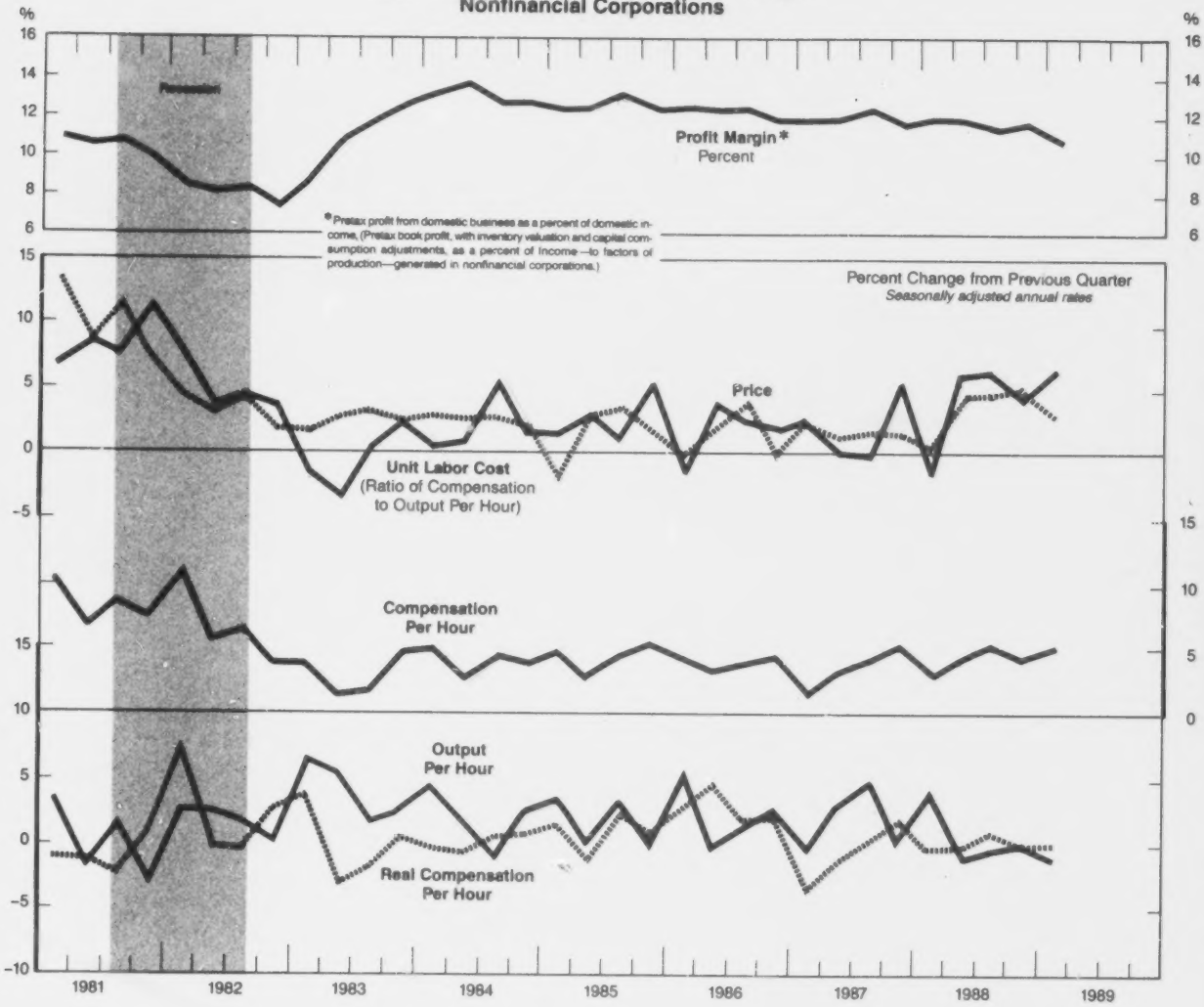
The Conference Board[2]		Laurence H. Meyer[1] Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
June, 1989		*June, 1989*		*June, 1989*		*June, 1989*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
		$5099.0	**6.2%**	**$5099.0**	**6.2%**	**$5099.0**	**6.2%**	**I**	**1989**	**Actual**
$5195.0	7.2%	5184.8	6.9	5189.8	7.3	5186.3	7.0	II	1989	Forecast
5277.0	6.5	5253.7	5.4	5254.4	5.1	5268.6	6.5	III		
5330.0	4.1	5331.9	6.1	5312.4	4.5	5349.6	6.3	IV		
5373.0	3.3	5419.6	6.7	5378.3	5.1	5439.7	6.9	I	1990	
5455.0	6.2	5494.8	5.7	5454.4	5.8	5539.6	7.6	II		
5571.0	8.8	5573.9	5.9	5527.8	5.5	5641.8	7.6	III		
5683.0	8.3	5656.9	6.1	5618.7	6.7	5746.8	7.7	IV		
		5755.7	7.2	5740.0	8.9	5853.1	7.8	I	1991	
		5853.4	7.0	5857.3	8.4	5960.0	7.5	II		
5226.8	7.5	5217.4	7.3	5213.9	7.2	5225.9	7.4	Annual	1989	
5520.5	5.6	5536.3	6.1	5494.8	5.4	5592.0	7.0	Annual	1990	
								Gross National Product Billions of Constant (1982) Dollars		
		$4077.5	**4.4%**	**$4077.5**	**4.4%**	**$4077.5**	**4.4%**	**I**	**1989**	**Actual**
$4097.0	2.0%	4095.0	1.7	4096.8	1.9	4098.3	2.1	II	1989	Forecast
4109.9	1.3	4109.1	1.4	4108.8	1.2	4113.7	1.5	III		
4100.0	–1.0	4127.3	1.8	4118.4	0.9	4132.9	1.9	IV		
4086.0	–1.4	4147.4	2.0	4121.0	0.3	4151.6	1.8	I	1990	
4098.4	1.2	4162.6	1.5	4139.3	1.8	4184.8	3.2	II		
4135.8	3.7	4180.1	1.7	4154.5	1.5	4220.1	3.4	III		
4166.4	3.0	4200.2	1.9	4181.8	2.7	4256.3	3.5	IV		
		4224.7	2.4	4225.1	4.2	4283.8	2.6	I	1991	
		4254.5	2.9	4264.1	3.7	4313.8	2.8	II		
4095.9	2.5	4102.2	2.7	4100.4	2.6	4105.6	2.7	Annual	1989	
4121.7	0.6	4172.6	1.7	4149.2	1.2	4203.2	2.4	Annual	1990	
								Gross National Product deflator Index, 1982 = 100		
		125.1	3.6%	125.1	3.6%	125.1	3.6%	I	1989	Actual
126.8	5.1%	126.6	5.1	126.7	5.3	126.5	4.9	II	1989	Forecast
128.4	5.1	127.9	4.0	127.9	3.9	128.1	4.9	III		
130.0	5.1	129.2	4.2	129.0	3.5	129.4	4.3	IV		
131.5	4.7	130.7	4.7	130.5	4.8	131.0	5.0	I	1990	
133.1	5.0	132.0	4.1	131.8	3.9	132.4	4.2	II		
134.7	4.9	133.3	4.1	133.1	4.0	133.7	4.0	III		
136.4	5.1	134.7	4.1	134.4	4.0	135.0	4.0	IV		
		136.2	4.7	135.9	4.5	136.6	4.9	I	1991	
		137.6	4.0	137.4	4.5	138.2	4.5	II		
127.6	4.8	127.2	4.5	127.2	4.5	127.3	4.6	Annual	1989	
133.9	5.0	132.7	4.3	132.4	4.1	133.0	4.5	Annual	1990	
								Unemployment Rate		
	5.2%		5.2%		5.1%		5.2%	I	1989	Actual
	5.3		5.2		5.3		5.3	II	1989	Forecast
	5.5		5.3		5.3		5.4	III		
	5.9		5.4		5.5		5.6	IV		
	6.2		5.5		5.7		5.7	I	1990	
	6.3		5.5		5.8		5.7	II		
	6.0		5.6		5.9		5.6	III		
	5.8		5.7		6.0		5.5	IV		
			5.6		5.9		5.4	I	1991	
			5.5		5.8		5.4	II		
	5.5		5.3		5.3		5.4	Annual	1989	
	6.1		5.6		5.8		5.7	Annual	1990	

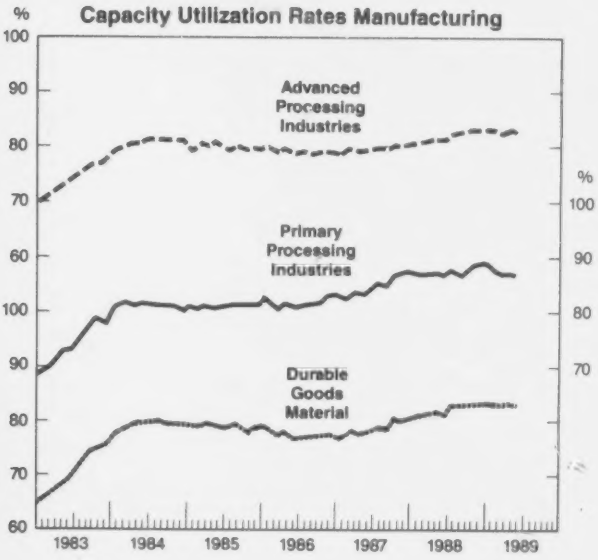
CBDB

ATTENTION DATA USERS: All data in this publication are available ONLINE in our statistical database, CBDB. For more information, contact Linette Waters at (212) 759-0900.

Key Determinants of Profit Margin

Nonfinancial Corporations

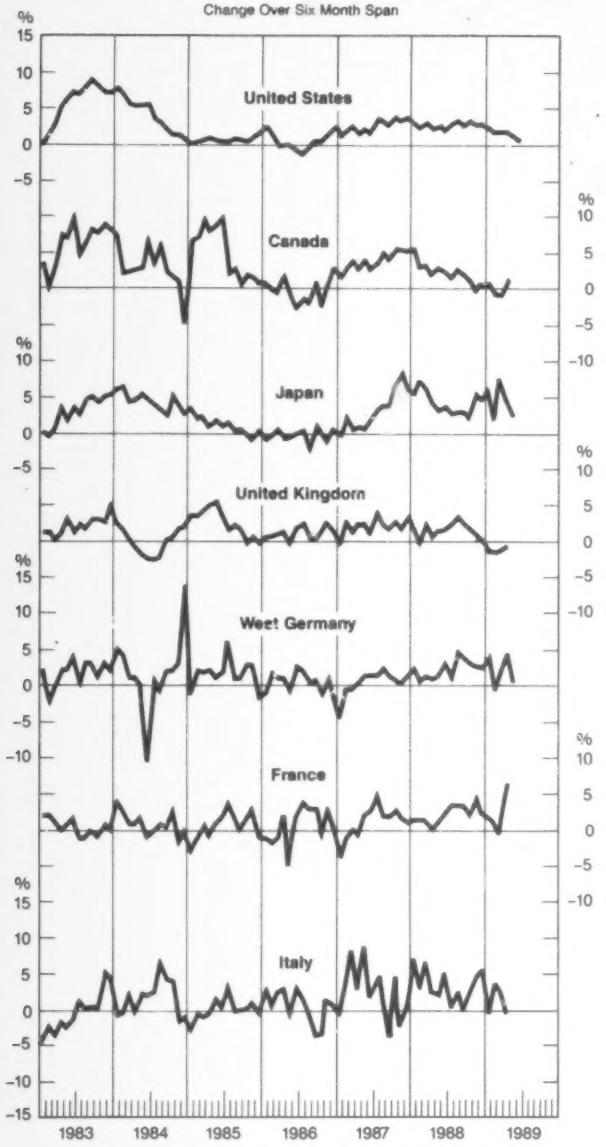




Selected International Comparisons

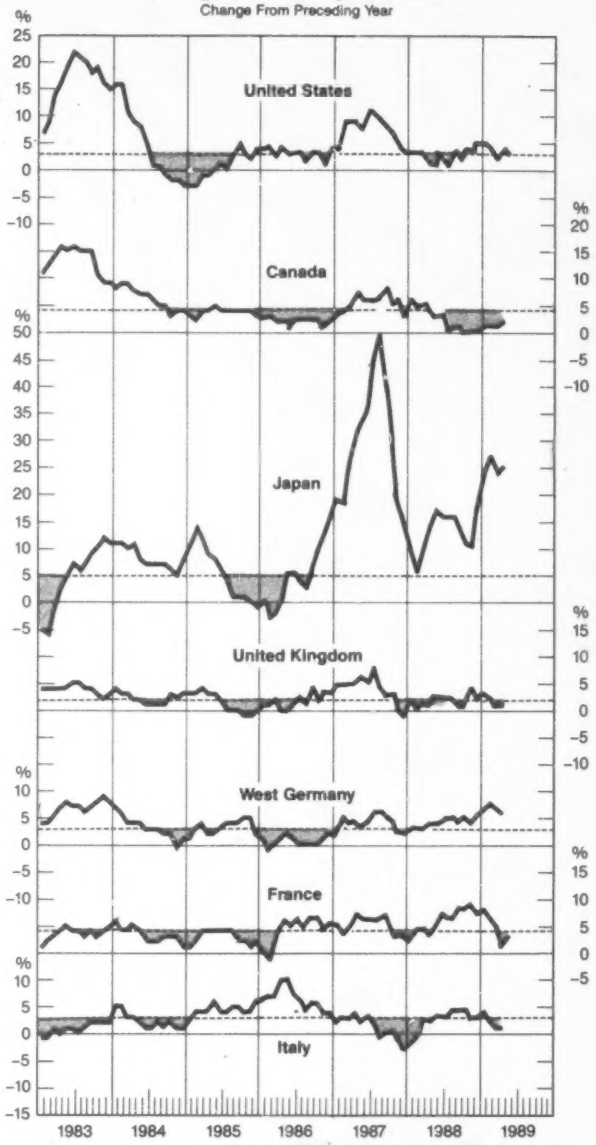
Industrial Production Indexes

Change Over Six Month Span



Leading Business Cycle Indexes

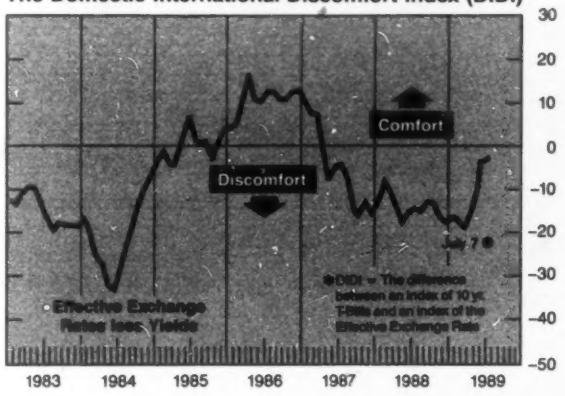
Change From Preceding Year



Source: Center for International Business Cycle Research, Columbia University

Sources: Morgan Guaranty Trust Company; Department of Treasury; *The Sommers Letter*.

The Domestic-International Discomfort Index (DIDI)*



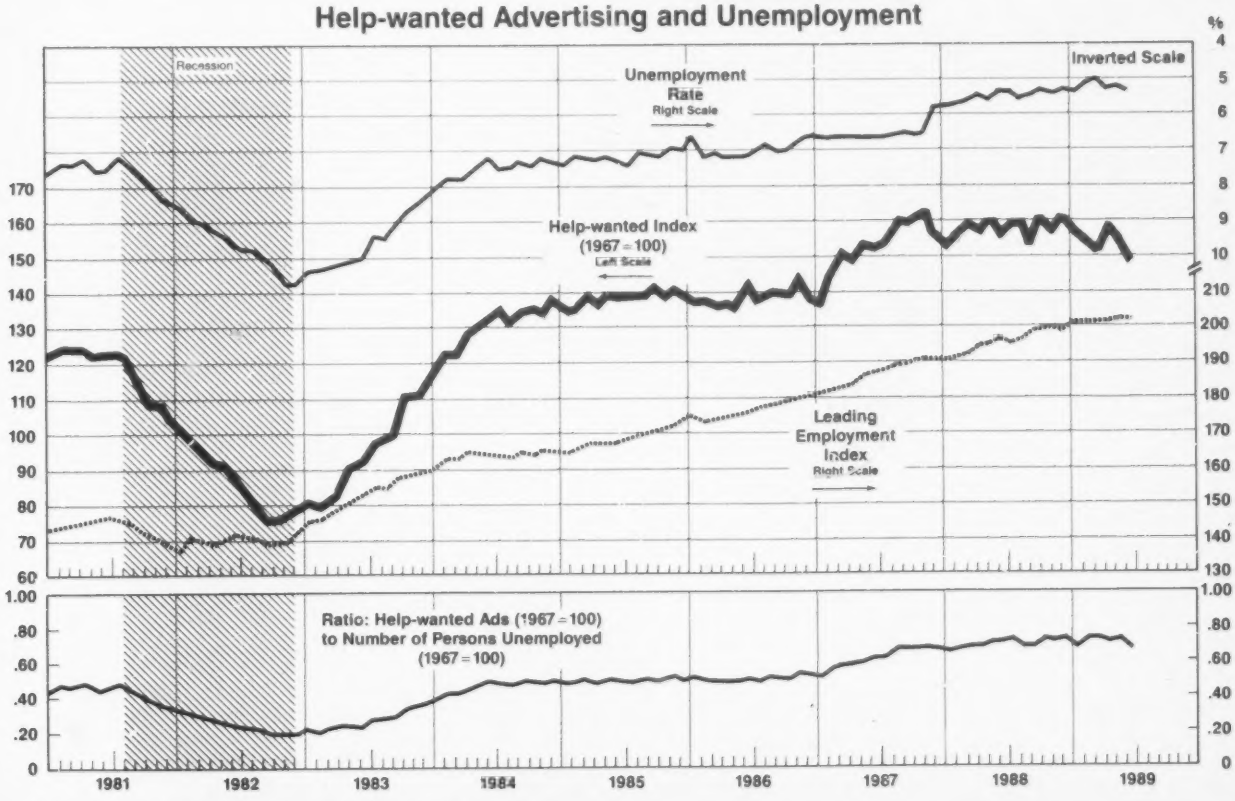
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1989 May	1988 Apr.	1988 Mar.	1988 May
National Index	154	159r	151	160
New England	114	122	119	165r
Boston	110	117	113	161
Hartford	113	119	123	176r
Providence	128	143	136	168
Middle Atlantic	80	83	79	92r
Albany	180	190	191	216
Allentown	393	353	393	458
New York	51	54	50	62
Philadelphia	67	73	66	80r
Pittsburgh	100	111	96	102
Rochester	101	104	101	107
Syracuse	160	165	153	162
East North Central	103	110r	101	110
Chicago	105	112r	103	114
Cincinnati	160	176	162	173
Cleveland	75	82	69	80
Columbus	N.A.	N.A.	163	198
Dayton	90	99	93	97
Detroit	55	61	58	60
Gary	226	235	202	204r
Indianapolis	135	138	135	134
Milwaukee	93	95	87	89r
Toledo	136	148	129	146
West North Central	105	111r	99	109r
Kansas City	153	152	138	162
Minneapolis	84	96r	86r	93r
Omaha	192	199	166	177r
St. Louis	72	78	69	75
South Atlantic	199	209r	189r	216r
Atlanta	226	248	232	289
Baltimore	257	236	206	240
Charlotte	195	215	201	201
Jacksonville	219	227	212	238
Miami	N.A.	N.A.	159	174
Richmond	141	164	129	160
Washington, D.C.	163	179r	172r	188r
East South Central	186	183	173	191
Birmingham	201	202	197	203
Knoxville	301	344	333	323
Louisville	N.A.	N.A.	99	103
Memphis	147	155	142	149
Nashville	244	202	179	255r
West South Central	186	189	203	180
Dallas	147	143	139	162
Houston	279	280	338	254r
New Orleans	128	140	127	128
Oklahoma City	125	128	126	129
San Antonio	150	153	153	144
Tulsa	168	180	164	150
Mountain	336	337r	330	320
Denver	N.A.	207r	206	217
Phoenix	432	441	410	422
Salt Lake City	450	441	460	374
Pacific	270	268r	256	251
Los Angeles	173	174	165	176
Sacramento	532	530	489	485
San Bernardino	351	337r	332	N.A.
San Diego	669	668	670	602
San Francisco	269	263	246	254
Seattle	288	286	265	255
Percentage of papers with rising volume	24	86r	31	73
Unemployment rate	5.2	5.3	5.0	5.6

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available.

Help-wanted Advertising and Unemployment



Source: Center for International Business Cycle Research, Columbia University.

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4
1989	115.8	120.7	117.4	116.6	116.7r	117.5p						

Expectations Index

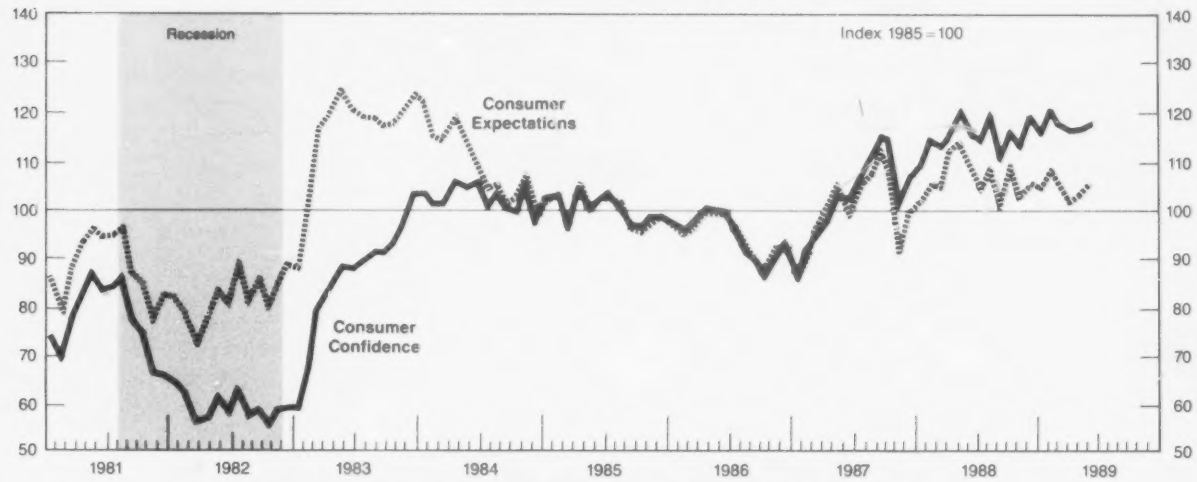
1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6
1989	104.1	108.3	104.9	101.8	103.0r	105.5p						

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS

Billions of Dollars, Seasonally Adjusted

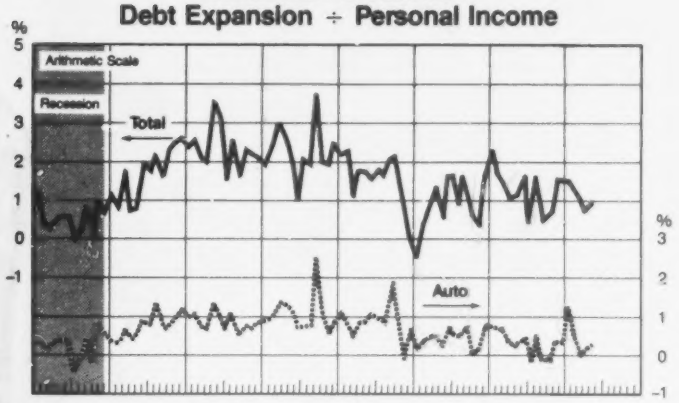
	1987			1988				Percent Change From Previous Year	
	III-87	IV-87	I-88	II-88	III-88	IV-88(r)	I-89(p)	Actual 1988	Estimate 1989
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	29.561	35.909	30.846	40.686	40.384	45.279	50.009	39%	16%
Capital expenditures	27.381	29.820	29.412	31.718	36.037	35.281	35.331	33	18
Change in appropriations backlog*	-0.080	3.510	0.650	8.760	-4.110	8.630	14.340		
Durable Goods									
New appropriations	17.208	20.245	14.310	20.261	20.791	23.547	18.129	27	14
Capital expenditures	13.970	16.037	15.780	16.910	19.526	16.657	17.032	31	28
Change in appropriations backlog*	2.930	3.810	-1.600	3.670	-1.080	6.240	1.340		
Nondurable Goods									
New appropriations	12.353	15.664	16.536	20.425	19.593	21.732	31.880	52	17
Capital expenditures	13.411	13.783	13.632	14.808	16.511	18.624	18.299	35	12
Change in appropriations backlog*	-3.010	-0.300	2.250	5.090	-3.030	2.390	13.010		

Available on request: Historical data from 1953, and quarterly reports containing text and data for 17 separate manufacturing industries.

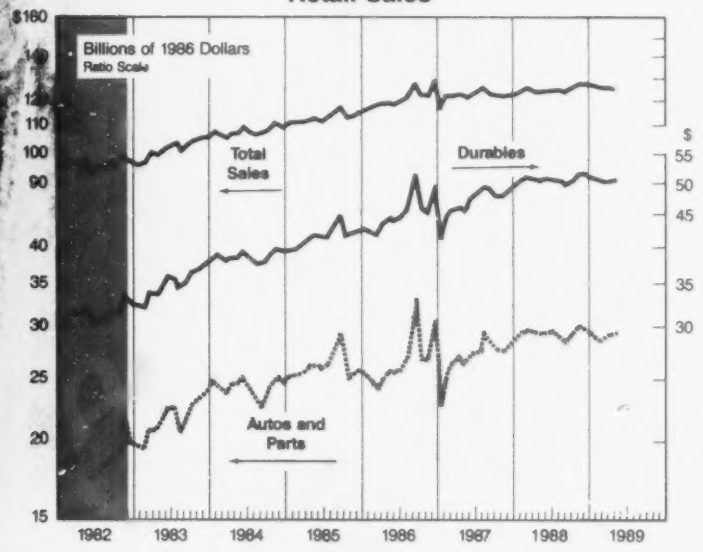
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



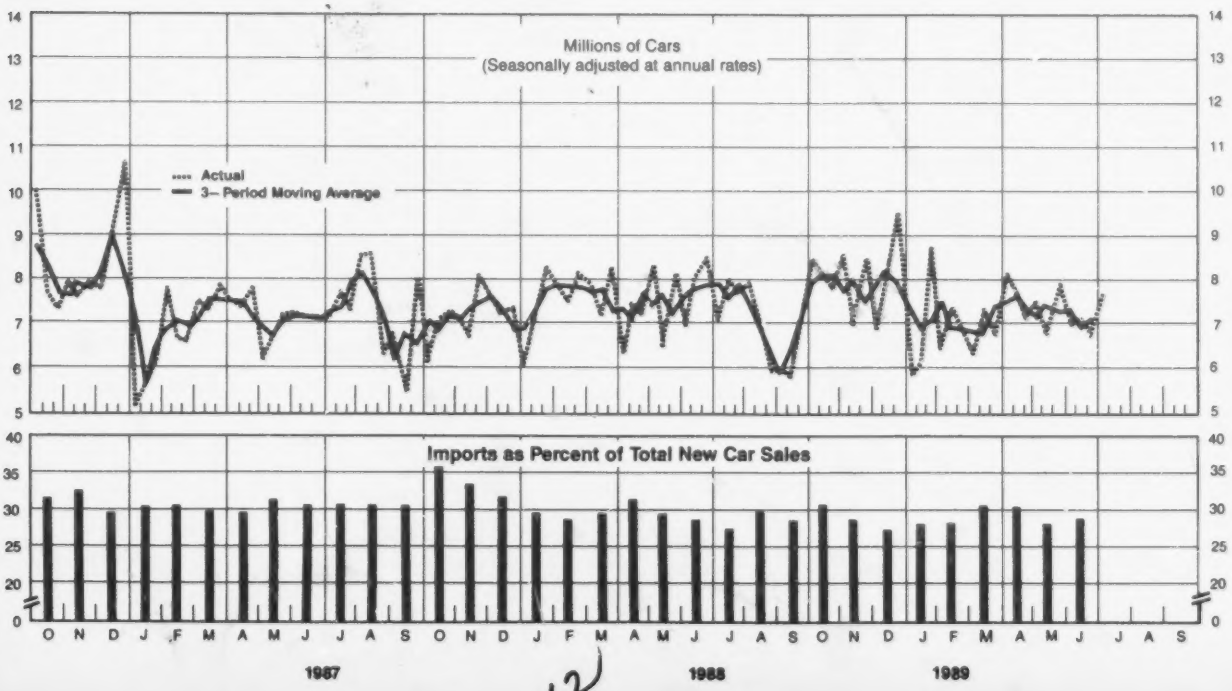
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1986	1987	1988	1989
January:	1-10	8.37	5.15	6.06	5.86
	11-20	8.74	5.52	7.29	6.06
	21-31	8.26	6.13	8.25	8.64
February:	1-10	7.88	7.78	7.83	6.40
	11-20	8.95	6.64	7.44	7.37
	21-28(29)	6.15	6.58	8.17	6.86
March:	1-10	7.69	7.53	7.81	6.32
	11-20	7.57	7.27	7.13	7.28
	21-31	6.52	7.81	8.28	6.74
April:	1-10	8.79	7.48	6.33	8.18
	11-20	7.06	7.34	7.43	7.66
	21-30	7.75	7.76	7.23	7.03
May:	1-10	8.62	6.16	8.36	7.49
	11-20	8.86	6.66	6.53	6.72
	21-31	7.33	7.19	8.12	7.99
June:	1-10	8.48	7.21	6.88	6.93
	11-20	8.04	7.13	8.00	7.09
	21-30	8.39	7.09	8.48	6.74
July:	1-10	8.10	7.10	7.02	7.56
	11-20	7.28	7.68	7.99	
	21-31	7.97	7.29	7.69	
August:	1-10	7.63	8.55	7.95	
	11-20	7.34	8.60	7.01	
	21-31	8.08	6.26	5.92	
September:	1-10	14.00	6.74	5.93	
	11-20	8.83	5.45	5.80	
	21-30	8.62	8.03	7.40	
October:	1-10	10.04	6.13	8.43	
	11-20	7.67	7.10	8.08	
	21-31	7.27	7.24	7.78	
November:	1-10	7.96	7.15	8.55	
	11-20	7.59	6.68	6.97	
	21-30	7.89	8.09	8.46	
December:	1-10	7.75	7.60	6.84	
	11-20	8.77	7.22	8.31	
	21-31	10.68	7.31	9.54	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3– Period Moving Average
Imports as Percent of Total New Car Sales
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S
1987
1988
1989